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RESERVE BANK OF INDIA

(Central Office)

(Department of Banking Development)

NOTIFICATION

Bombay-1, the 5th November 1956

S.R.O. 2637.—The following regulations made by the Reserve Bank of India, with the previous approval of the Central Government, under section 42 of the State Bank of Hyderabad Ordinance, 1956, are published for general information:—

THE STATE BANK OF HYDERABAD GENERAL REGULATIONS, 1956

In exercise of the powers conferred by section 42 of the State Bank of Hyderabad Ordinance, 1956 (5 of 1956), the Reserve Bank of India, with the previous approval of the Central Government, has made the following regulations, namely:—

CHAPTER I

INTRODUCTORY

1. **Short title and commencement.**—(1) These regulations may be called the State Bank of Hyderabad General Regulations, 1956.

(2) They shall be deemed to have come into force on the twenty-second day of October 1956.

2. **Definitions.**—In these regulations, unless the context otherwise requires,—

(a) “approved security” means any one or more of the following securities:—

(i) stocks, funds and securities (other than immovable property) in which a trustee may invest trust money under any law for the time being in force in India;

(ii) debentures or other securities for money issued by or on behalf of a district board, municipal committee or other local authority, under any law for the time being in force in India;

(iii) subject to such general or special directions as may be issued by the Board, debentures of companies with limited liability registered either in India or in such other country as the Central Government may approve in this behalf;

(iv) subject to such general or special directions as may be issued by the Board, fully paid shares and debentures of corporations established under any law for the time being in force in India; and

(v) goods which, or the documents of title to which, are deposited with or assigned to the Hyderabad Bank as security for such advances, loans or credits;

- (b) "Board" means the Board of Directors of the Hyderabad Bank;
- (c) "interested director", in relation to any contract, loan, arrangement or proposal discussed at a meeting of the Board, the Executive Committee or any other committee of the Board, means a director, who is directly or indirectly concerned or interested in any contract, loan, arrangement or proposal entered into, or proposed to be entered into, by or on behalf of the Hyderabad Bank;
- (d) "Ordinance" means the State Bank of Hyderabad Ordinance, 1956 (5 of 1956);
- (e) "Reserve Bank nominee" means the director nominated under clause (c) of sub-section (1) of section 12 of the Ordinance and includes any person deputed under sub-section (2) of that section.

CHAPTER II

MEETINGS OF THE BOARD AND ITS COMMITTEES

3. Meetings of the Board.—(1) Meetings of the Board shall be convened by the managing director at least six times in each year and at least once in each quarter.

(2) The Chairman, the Reserve Bank nominee or any two other directors may in writing require the managing director to convene a meeting of the Board at any time, and the managing director shall, on receipt of the requisition, convene a meeting of the Board giving sufficient notice:

Provided that the date of the meeting so convened shall not be later than 21 days from the date of the receipt of the requisition.

(3) Meetings of the Board shall be held at the place where the Head Office of the Hyderabad Bank is situate for the time being, or at such other place as the Chairman may appoint.

(4) Ordinarily not less than 15 days' notice shall be given of each meeting of the Board, and such notice shall be sent to every director at his registered address. Should it be found necessary to convene an emergency meeting, sufficient notice shall be given to every director in India to enable him to attend.

(5) No business other than that for which the meeting was convened shall be discussed at a meeting of the Board except with the consent of the Chairman and a majority of the directors present unless one week's notice has been given of the same in writing to the managing director.

(6) Three directors, of whom one shall be the Reserve Bank nominee or the director nominated under clause (b) of sub-section (1) of section 12 of the Ordinance and another, a director nominated under clause (d) of that sub-section, shall form the quorum for the transaction of business:

Provided that if, at any time, the number of interested directors exceeds or is equal to two, the number of the remaining directors, (that is to say, the number of the directors who are not interested) shall form the quorum during such time so however that at least two directors entitled to vote are present during such time.

(7) A copy of the proceedings of every meeting shall as soon as possible thereafter be circulated for information to all the directors, and shall be signed by the Chairman of that or the next succeeding meeting.

4. Resolution without meeting of Board valid.—(1) A resolution in writing signed by a majority of the directors of the Board one of whom shall be the Reserve Bank nominee or the director nominated under clause (b) of sub-section (1) of section 12 of the Ordinance, shall be valid and effectual, and shall be deemed to be the resolution passed by the Board on the date on which it is signed by the last signatory to the resolution:

Provided that if any dissenting director in writing requires that any resolution so passed shall be placed before a meeting of the Board, the resolution shall not be deemed to be valid and effectual, as aforesaid, unless the same is passed at such meeting.

(2) Nothing in sub-regulation (1) shall apply to a resolution in respect of any matter relating to the making of advances or discounting of bills by the Hyderabad Bank.

5. Constitution and powers of the Executive Committee.—(1) The Executive Committee of the Board shall consist of the managing director, the Chairman of the Board, the Reserve Bank nominee, and one director to be nominated by the Reserve Bank for one year at a time from out of the remaining directors:

Provided that if any of the remaining directors is, for the time being, present at the place where the meeting is held, he shall also be entitled to attend the meeting and shall be deemed to be a director on the Committee for the meeting which he attends.

(2) The Chairman of the Board or in his absence the Reserve Bank nominee shall act as the Chairman of the Executive Committee.

(3) In the exercise of its powers, the Executive Committee shall be bound by such general or special directions as the Board may, consistently with the ordinance and these regulations, give from time to time.

6. Meetings of the Executive Committee.—(1) Meetings of the Executive Committee shall ordinarily be held at least fortnightly, sufficient notice being given to the directors on the Executive Committee to attend the meeting.

(2) Three directors, of whom one shall be the Reserve Bank nominee or the director nominated under clause (b) of sub-section (1) of section 12 of the Ordinance, shall form the quorum for the transaction of business:

Provided that if at any time the number of interested directors exceeds or is equal to two, the number of the remaining directors (that is to say, the number of the directors who are not interested) shall form the quorum during such time so however that at least two directors entitled to vote are present during such time.

(3) The provisions of the Ordinance and, save as otherwise provided in this regulation, of these regulations shall apply to the meetings of the Executive Committee as if they were meetings of the Board.

7. Formation of committees of the Board.—(1) The Board may constitute such and so many committees of itself as it deems fit, to exercise, without prejudice to the powers and duties of the Executive Committee, such powers and perform such duties as may, subject to such conditions, if any, as the Board may impose, be delegated to them by the Board.

(2) The minutes of every meeting of every such committee shall be laid before the Board as soon as possible after the meeting.

CHAPTER III

MANAGING DIRECTOR

8. Powers and duties of the Managing Director.—Without prejudice to the provisions of these and other regulations made under the Ordinance, the managing director shall exercise such powers and perform such duties and functions in regard to the general superintendence and conduct of the affairs and business of the Hyderabad Bank as may be delegated or entrusted to him, from time to time, by the Board:

Provided that until otherwise determined by the Board, the managing director shall exercise the same powers and perform the same duties and functions as were exercised and performed by the managing director of the Hyderabad State Bank immediately before the 22nd October 1956, in so far as the exercise of the said powers and the performance of the said duties and functions is consistent with the provisions of the Ordinance and these regulations.

9. Exercise of the powers and functions of the Managing Director during his temporary absence.—The powers and functions of the managing director under Regulation 3 shall, during any period during which the office of the managing director is temporarily vacant or during which the managing director is unable to attend to his duties and an appointment has not been made under section 20 of the Ordinance, be exercised or performed by the Reserve Bank nominee and those under other regulations by such director or officer as the Board may, subject to such conditions and restrictions as it may consider necessary, determine.

CHAPTER IV

FEES AND ALLOWANCES OF DIRECTORS

10. Fees of Directors.—A director not being the managing director or an officer of the Central Government or the Reserve Bank shall be entitled to be paid fees by the Hyderabad Bank as follows:—

- (a) For attending meetings of the Board.—Rs. 40 for each meeting.
- (b) For attending meetings of the Executive Committee.—Rs. 30 for each meeting.
- (c) For attending meetings of any other committee or to any other work of the Hyderabad Bank.—Rs. 20 for each meeting.

11. Travelling and halting allowances of Directors.—(1) In addition to the fees to which a director may be entitled under Regulation 10 every such director travelling in connection with the work of the Hyderabad Bank shall be reimbursed his travelling and halting expenses, if any, on such basis as may be fixed by the Board from time to time.

(2) The managing director or a director who is an officer of the Central Government or the Reserve Bank shall be reimbursed his travelling and halting expenses in accordance with the rules applicable to him.

CHAPTER V

ADVANCES, DISCOUNTS AND ACCOUNTS

12. Orders under section 25 not affected.—The provisions of this Chapter shall have effect subject to any order issued by the Central Government under sub-section (2) of section 25 of the Ordinance.

13. Discounts for and advances to, individuals or firms.—(1) Except on an approved security, the Hyderabad Bank shall not, without the approval of the Reserve Bank, discount bills for, or lend or advance in any manner to, any individual or partnership firm, an amount exceeding, in the aggregate one lakh of rupees at any one time.

(2) The Hyderabad Bank shall not discount or buy, or advance or lend or open cash credits on the security of any negotiable instrument of any individual or partnership firm, payable in the town or at the place where it is presented for discount, which does not carry on it the several responsibilities of at least two persons or firms unconnected with each other in general partnership, each of whom is good for the amount of the negotiable instrument.

14. Discounts for, and advances to, companies or associations with limited liability.—Except upon an approved security, the Hyderabad Bank shall not, without the approval of the Reserve Bank, discount bills for, or lend or advance in any way to, any company or association with limited liability an amount exceeding, in the aggregate, at any one time ten lakhs of rupees in the case of a private limited company or association, and thirty lakhs of rupees in the case of other companies or associations.

15. Period of advances and bills.—Except with the approval of the Reserve Bank, the Hyderabad Bank shall not,

- (i) make a loan or advance for a longer period than twelve months, or
- (ii) discount, lend or advance or open cash credits on the security of any negotiable security (not being a security in which a trustee may invest trust money under section 20 of the Indian Trusts Act, 1882),—

(a) which at the date of the proposed transaction has a longer period to run than fifteen months, if the security is a bill drawn for the purpose of financing seasonal agricultural operations and six months in other cases; or

(b) if the security is a bill drawn after sight, it is drawn for a longer period than fifteen months in the case of a bill drawn for the purpose of financing seasonal agricultural operations and six months in other cases.

16. Overdrawing of accounts.—(1) Accounts may be overdrawn, to the extent of one lakh of rupees, without security or without the security being an approved security.

(2) Nothing in this regulation shall apply to accounts which are overdrawn in excess of one lakh of rupees immediately before the 22nd October 1966, so however that such accounts shall not be allowed to be further overdrawn, without the approval of the Reserve Bank, except to the extent that may be necessitated by the application of interest and charges on the accounts.

17. Advances to Directors and Officers of the bank.—(1) Save on an approved security, no loan or advance shall be made by the Hyderabad Bank to

- (a) any of its directors or officers holding senior staff appointments or the relatives of such directors or officers, or
- (b) to companies, firms or individuals with which or with whom such directors, officers or relatives are connected as partners, directors, managers, or servants,

except on such terms and conditions as the Reserve Bank may, on the recommendation of the Hyderabad Bank, specify from time to time.

(2) The circumstances in which and the conditions subject to which loans or advances may be granted to employees other than those referred to in sub-regulation (1) shall be such as may be specified by the Board:

Provided that no loan or advance may be granted to any officer of the bank without the specific sanction of the Executive Committee in each case.

Explanation.—For the purposes of this regulation, two persons shall be deemed to be 'relatives' if, and only if, they are husband and wife, or the one or the spouse of the one is related to the other or the spouse of the other, whether by legitimate or illegitimate descent or by adoption and whether by full blood or by half blood, in any of the following ways, namely:—

- (i) as parent and child;
- (ii) as grand-parent and grand-child;
- (iii) as brothers or sisters, or as brother and sister;
- (iv) as uncle or aunt, and nephew or niece;
- (v) as first cousins, that is to say, as persons having a common grand-parent, provided the cousins are members of a Hindu Joint family whether governed by the Mitakshara, the Dayabhaga, the Marumakkathayam, the Aliyasanthana or any other system of law.

18. Directors to notify the names of companies in which they are interested.—Without prejudice to the provisions of sub-section (4) of section 22 of the Ordinance, every director shall notify to the managing director the names of the companies in which he is interested, and shall also declare the fact at any time an advance to any of the said companies is being considered.

19. Contracts and arrangements with interested Directors.—No contract or arrangement in which a director is directly or indirectly concerned or interested shall be entered into by, or on behalf of, the Hyderabad Bank except with the approval of the Reserve Bank.

20. Suspense Accounts.—(1) Not more than two suspense accounts (i.e. accounts in which item which cannot be passed at once into their proper accounts are in the meantime debited or credited) shall be kept at any office or branch. Each branch shall forward monthly to the Head Office a detailed statement of the suspense accounts kept showing all the items outstanding.

(2) Statements of the suspense accounts at the Head Office shall be laid before the Executive Committee at each meeting. Such statements shall be prepared in such form as the Board may specify from time to time.

21. Reserve Bank's approval may be general or specific.—Where under the provisions of this chapter, the approval of the Reserve Bank is necessary to any proposal or arrangement or to the granting of a loan or advance, or the discounting of bills, or to the terms and conditions thereof, such approval may be given generally or with reference to particular transaction or class of transactions.

CHAPTER VI

MISCELLANEOUS

22. Manner and form in which contracts binding on the Hyderabad Bank may be executed.—(1) Contracts on behalf of the Hyderabad Bank may be made as follows:—

- (i) Any contract which, if made between private persons, would by law be required to be in writing signed by the parties to be charged therewith, may be made on behalf of the Hyderabad Bank in writing signed by any person acting under its authority, express or implied, and may in the same manner be varied or discharged;
- (ii) Any contract which, if made between private persons, would in law be valid although made by parole only and not reduced to writing may be made by parole on behalf of the Hyderabad Bank by any person acting under its authority, express or implied, and may in the same manner be varied or discharged.

(2) All contracts made according to the provisions of this regulation shall be effectual in law, and shall bind the Hyderabad Bank and all other parties thereto and their legal representatives.

23. Accounts, receipts and documents of Hyderabad Bank by whom to be signed.—(1) The managing director and such other officers or employees of the Hyderabad Bank as the Board may authorise in this behalf by notification in the GAZETTE OF INDIA are hereby severally empowered, for and on behalf of the Hyderabad Bank, to endorse and transfer promissory notes, stock-receipts, stock-debentures, shares, securities and documents of title to goods standing in the name of or held by the Hyderabad Bank, and to draw, accept and endorse bills of exchange, and letters of credit, in the current and authorised business of the Hyderabad Bank, and to sign all other letters, advices, accounts, receipts and documents connected with such business.

(2) Without prejudice to the provisions of sub-regulation (1), all powers of attorney and other authorisations issued by the Hyderabad State Bank in favour of any officer or other employee shall, until amended, modified or superseded, continue to be in full force and effect and, accordingly, any such officer or other employee may exercise on behalf of the Hyderabad Bank such powers as he was exercising before the appointed day.

24. Plaunts, etc. by whom to be signed.—Plaints, written statements, petitions, and applications may be signed and verified, affidavits may be sworn or affirmed, bonds may be signed, sealed and delivered, and generally all other documents connected with legal proceedings whether contentious or non-contentious may be made and completed on behalf of the Hyderabad Bank by the managing director or by any officer or employee empowered by or under Regulation 23 to sign documents for and on behalf of the Hyderabad Bank.

25. Obligation to notify disqualifications of directors.—(1) If a director becomes subject to any of the disqualifications set out in section 14 of the Ordinance, he shall forthwith notify the fact as well as the date from which the disqualification became applicable to him, to the managing director.

(2) The managing director shall inform the Reserve Bank as soon as it comes to his notice that any director has become subject to any of the disqualifications specified in section 14 of the Ordinance.

26. The seal of the Hyderabad Bank.—(1) The common seal of the Hyderabad Bank shall not be affixed to any instrument except in the presence of at least two directors (one of whom shall be the Chairman or the managing director), who shall sign their names to the instrument in token of their presence, and such signing shall be independent of the signing of any person who may sign the instrument as a witness. Unless so signed, as aforesaid, such instrument shall be of no validity.

(2) Without prejudice to the generality of sub-regulation (1), the common seal of the Hyderabad Bank may be affixed to instruments of the following descriptions in connection with the business of the Hyderabad Bank, namely:—

- (a) Leases of office premises, godowns, houses and other property required in connection with the business of the Hyderabad Bank and surrenders and transfers of such leases;

- (b) Conveyances of property bought or sold by the Hyderabad Bank;
- (c) Instruments whereby any property is mortgaged to the Hyderabad Bank, conveyances on sale or by way of transfer of mortgage and reconveyances, surrenders and leases of such property;
- (d) Powers of Attorney granted by the Hyderabad Bank;
- (e) Contracts of Indemnity, suretyship or guarantee with specific security or otherwise; and
- (f) Instruments of appointment or discharge of the Hyderabad Bank as trustee of any trust or connected with the administration of any estate in which the Hyderabad Bank is concerned as executor, trustee or otherwise.

27. Service of notice on Hyderabad Bank.—A notice may be served on the Hyderabad Bank by leaving it at, or sending it by post to, the Head Office of the Hyderabad Bank.

28. Exercise of powers and functions on behalf of the Reserve Bank.—Subject to such conditions and limitations as the Governor of the Reserve Bank may specify, the powers, duties or functions, conferred, imposed or entrusted on or to the Reserve Bank under the Ordinance, may be exercised or performed by the various officers of the bank as shown below against them:

(a) Deputy Governors :	All
(b) Chief Officer and Officer on Special Duty, Department of Banking Development and Chief Officer, Department of Banking Operations :	Power to sign directions, instructions letters, advices and other documents and to exercise such other powers and to perform such other duties and functions as may be specified by the Governor from time to time.
(c) Deputy Chief Officers and Assistant Chief Officers of the Department of Banking Development and of the Department of Banking Operations :	Power to sign letters, advices and other documents.

29. Authorities for administering pension, provident or other funds of the Hyderabad State Bank.—The authorities to administer the pension, provident or other funds constituted by the Hyderabad State Bank before the 22nd October 1956 shall continue to be constituted and to administer the said funds in the manner provided for in the relevant rules except that the Executive Committee shall be substituted for the Committee of the Board of Directors.

[No. DBD 3443/HB.5-56].

B. RAMA RAU, Governor.

